

New Zealand government loses majority

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The turmoil in New Zealand's coalition government intensified last week following the resignation of Neil Kirton from the New Zealand First Party.

The defection has reduced the National Party-NZ First coalition to a bare 60 seats in the 120-seat parliament, ending its absolute majority. The government will only be able to continue in office with the support of the ACT (Association of Consumers and Taxpayers) party, the United Party's sole MP Peter Dunne, and 'independent' Alamein Kopu.

Kirton, a former associate minister of health, issued a bitter denunciation of the government's economic program. He attacked NZ First leader and Treasurer Winston Peters for what he described as a litany of deceptions and betrayals. He said Peters' handling of the economy 'had more in common with (former National Party finance minister) Ruth Richardson's right-wing extremism' than with the policies on which NZ First was elected.

Kirton claimed he had entered parliament 'on the strength of NZ First vision that would overturn National's failed economic and social prescriptions'. However, Peters had 'destroyed all of that hope and had become part of the problem, not the solution.' Kirton raised concerns about a number of issues, including the scrapping of producer boards, spending cutbacks and the government's health policies.

Kirton's resignation is the second internal crisis in a fortnight for the NZ First party. It follows the dumping of the Minister for Maori Affairs, Tau Henare, as the party's deputy leader -- a move that almost led to the formation of a breakaway party by NZ First's five Maori MPs.

Behind the tensions in NZ First is the collapse of its electoral support. This unstable right-wing formation rose to prominence during the 1996 elections by campaigning on a mixture of anti-Asian chauvinism, opposition to foreign investment and calls for tighter national economic regulation. Having formed a

coalition with the conservative National Party, NZ First has steadily lost support as the government has continued the assault on living standards carried out by both Labour and National governments over the previous 12 years.

Following Kirton's resignation, Prime Minister Jenny Shipley quickly issued a statement to reassure big business that the government was 'safe', and had the support of the minor parties to continue in office. Significantly, both Richard Prebble for ACT and Dunne for the United Party were cabinet members in the previous Labour governments during the period 1984-90. Kopu, the independent member who has also promised the government her support, is a former member of the so-called leftwing Alliance party.

Shipley said the government 'continues to enjoy a significant majority on confidence and supply'. She singled out Dunne as a key supporter, saying he had offered to shore up government support through a formal coalition arrangement.

In recent weeks, the government has responded to the Asian economic crisis by intensifying its attack on jobs and services. Budget cuts of \$300 million were announced in order to shore up the government's surplus. The privatisation of public assets continued with the sale of the government's 51 percent stake in Auckland airport. The government is also pressing ahead with plans to drastically restructure the fire service, destroying jobs and compromising both safety and fire-fighting capacities.

Yet sections of big business are demanding more extreme measures against the working class. The ANZ bank has dismissed the latest budget cuts as 'too little, too late'. At the same time, the Employers Federation is demanding changes to industrial legislation to remove the right of workers to statutory public holidays, a provision the government has previously foreshadowed but not yet acted on.

The government is now dependent on the ACT party

which advocates policies of zero taxation, privatisation of all public utilities and complete abolition of the social welfare system, including the public health and education systems.

The National Party is itself increasingly divided. Last month, Auckland-based MP Christine Fletcher voted against a government measure intended to open up for eventual privatisation the Auckland Regional Services Trust, which controls the city's most important public assets. Party infighting has also developed over restructuring of electricity supplies. Retiring party president Geoff Thompson told the national conference that many of the party's own supporters 'are asking why we seem to be destroying established infrastructure and throwing people out of jobs'.

Increasingly, the Labour Party is being promoted in the media as an alternative government. Recent opinion polls have Labour edging ahead of National for the first time, most recently by as much as eight points. Labour has also entered 'informal' talks with the Alliance party over a common electoral strategy.

But the response of both Labour and the Alliance to the crisis in the government ranks has been distinctly muted. Far from calling for fresh elections, Labour leader Helen Clark commented that Kirton's decision would 'pose no immediate threat to the government'. Labour's only criticism of the latest round of budget cuts was that the government had carried them out in the midst of an economic recession. Neither party has any fundamental disagreement with the economic policies of the National Party and NZ First.

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